LIVESTOCK SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

For the Year ending March 31, 2010

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet E-mail: info@auditor.sk.ca

SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Livestock Services Revolving Fund as at March 31, 2010 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 30, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

Statement 1

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2010	2009
Financial Assets:		
Accounts receivable	$ 391,686	$ 394,343
Accumulated net recovery (Statement 3)	220,933	282,375
Total Financial Assets	$ 612,619	$ 676,718
Liabilities:		
Accounts payable and accrued liabilities	$ 530,101	$ 522,736
Unearned revenue	2,570	1,200
Total Liabilities	$ 532,671	$ 523,936
Net Financial Assets:	79,948	152,782
Accumulated operating surplus (Statement 2)	$ 79,948	$ 152,782

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	Budget 2010 (Note 6)	2010	2009
REVENUES			
Livestock inspection fees	$ 3,131,400	$ 2,933,862	$ 3,396,346
Less: Commissions	53,800	43,881	52,672
Net inspection fees	3,077,600	2,889,981	3,343,674
Registered livestock brands	140,000	129,845	142,100
Livestock dealer licences	40,000	40,700	41,400
Administration fees	42,500	40,000	40,000
Game farm inspection fees	12,000	3,617	9,206
Subsidy-Ministry of Agriculture	-	640,000	-
Other revenue	900	1,694	2,674
Total Revenues	3,313,000	3,745,837	3,579,054
EXPENSES			
Salaries and benefits	2,960,300	3,014,005	3,061,024
Travel	449,800	402,568	409,716
Stationery	78,900	47,288	77,422
Telephone	81,400	48,123	57,124
Training	3,800	3,299	10,154
Rental of office space and equipment	98,200	108,925	85,100
Computer costs & general consulting	117,200	156,654	139,617
Other	38,600	37,809	34,397
Total Expenses	3,828,200	3,818,671	3,874,554
Net (loss) from operations	$ (515,200)	(72,834)	(295,500)
Accumulated operating surplus, beginning of year		152,782	448,282
Accumulated operating surplus, end of year (to Statement 1)		$ 79,948	$ 152,782

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2010	2009
Financing required for (provided by) operating activities:		
Net (loss) from operations	$ (72,834)	$ (295,500)
Net increase in working capital items related to operations (Note 5)	11,392	174,047
Net (increase) in financing requirements	(61,442)	(121,453)
Accumulated net recovery, beginning of year	282,375	403,828
Accumulated net recovery, end of year (to Statement 1)	$ 220,933	$ 282,375

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2010

1. Authority and Definition

The Livestock Services Revolving Fund was established in 1996 pursuant to Section 17.1 of *The Department of Agriculture, Food and Rural Revitalization Act* (Act). The purpose of the Revolving Fund is to operate the livestock inspection program, the brand registration program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4)(d) of the *Act*.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Revolving Fund is classified as an other government organization. These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable for the public sector. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 5. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes, net capital acquisitions and net cash flows from operations.

b) Accumulated Net Recovery (Expenditure)

Expenditures of the Revolving Fund are made directly out of the General Revenue Fund (GRF) and receipts are deposited directly into the GRF. The excess of the accumulated expenditures over accumulated receipts is the accumulated net expenditure balance or outstanding borrowing from the GRF.

The accumulated net expenditure (recovery) of the Revolving Fund includes the aggregate of net financing requirements for all fiscal years resulting from the Revolving Fund's changes in working capital and net cash flow from operations.

c) Revenue

Livestock inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Registered livestock brand revenues are recognized when the brands are issued.

Livestock dealer licence revenues are recognized when the licences are issued.

Administration fees are recognized as revenue when the services have been provided.

Game farm inspection fees are recognized when the services outlined in the agreements between the Revolving Fund and the Ministry of Agriculture are provided.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture, Food and Rural Revitalization Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order in Council. The maximum accumulated net recovery (expenditure) of the Revolving Fund is $1,500,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/deficit as $1,000,000.

5. Net Change in Working Capital Items Related to Operations

	2010	2009
Decrease in accounts receivable	$ 2,657	$ 24,453
Increase in accounts payable and accrued liabilities	7,365	151,569
(Decrease) Increase in unearned revenue	1,370	(1,975)
	$ 11,392	$ 174,047

6. Budget

The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	2010	2009
Financial statement category:		
Revenues	$ 43,617	$ 51,559
Expenses	508,684	436,546
Accounts payable and accrued liabilities	45,660	154,113
Accounts receivable	401	2,302

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the various ministerial appropriations and therefore no provision for such costs is reflected in these statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Recorded in Public Accounts

The net recovery (expense) of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2010	2009
Net (loss)	$ (72,834)	$ (295,500)
Amounts not included in Public Accounts due to timing	11,022	139,848
Net (expense) reported in the Public Accounts	$ (61,812)	$ (155,652)